

Tuesday, October 06, 2009

Contacts:

Sara Howard (314) 962-1523

Jim Hubbard (202) 225-2671

Carnahan Announces Support for Legislation To Fix Seniors' Cost of Living Adjustment Formula To More Accurately Reflect Increased Costs

(WASHINGTON, DC) – Congressman Russ Carnahan (MO-3) today announced his support for legislation to help seniors keep up with the rising costs of health care and prescription drugs by addressing a flawed formula that is preventing needed cost-of-living increases for Social Security and Medicare beneficiaries. The Consumer Price Index for Elderly Americans Act of 2009 would establish a new and separate consumer price index for seniors that would more accurately reflect the increased costs seniors face each year.

“When you live on a fixed income, every penny counts,” said Carnahan. “Rising health care costs are hurting all of us, but older Americans are being hit hardest. These cost of living increases are critical to help seniors struggling to keep up.”

Last month, the Social Security Administration announced that for the first time in 30 years, there would likely be no cost of living increase for 2010 and 2011 benefits. The annual adjustments, which average 2-3%, are calculated based on a consumer price index that includes a number of different types of products that families have to purchase – things like groceries, fuel, and health care. This year, because of the economic downturn, the “cost of living” has stayed flat, and even declined.

But that formula does not accurately reflect the real costs facing seniors. Most Social Security and Medicare recipients spend less money on things like gasoline – the cost of which has gone down – and disproportionately more money on things like health care and prescription drugs – the cost of which has continued to rise dramatically.

“This measure will help make sure that adjustment to Social Security and Medicare accurately reflect the real-world costs faced by seniors, but we must also get to the root cause of rising costs,” said Carnahan. **“We can and must rein in health care costs by passing comprehensive health insurance reform. Doing nothing is simply not an option.”**

###